

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

August 31, 2023

A handwritten signature in black ink, appearing to read "E. Schied", is displayed on a light gray background.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW

August 31, 2023

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$159.1 million. The balance decreased by \$8.2 million for the month primarily due to cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2024, at which time the Fund will collect the 2024 operating fees from its credit union members.

Other accounts receivable, net had a month-end balance of \$535.9 thousand. Its balance increased by \$371.4 thousand from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$172.1 thousand for the month primarily due to vendor/trade and overhead transfer payables.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Statements of Revenues, Expenses, and Changes in Fund Balance

Expenses in excess of revenues totaled \$1.2 million for the month. Operating fee revenue reflects one-twelfth of the 2023 Operating Fees. Expenses, net are after the overhead transfer rate adjustment that allocates a portion of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$8.2 million from prior month. In the current month, \$7.5 million was used in operating activities, \$746.2 thousand was used in investing activities, and there were no financing activities.

Other Information

The Agency had 18 vacancies as of month-end, which represents 1.5 percent of the total authorized staff of 1,225. Of the 18 vacancies, there were 7 vacancies under authorized positions in the central office and 11 vacancies under the authorized positions in the regions and Asset Management and Assistance Center (AMAC).

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**BALANCE SHEETS
As of August 31, 2023 and 2022
(Dollars in thousands)**

	August 2023	August 2022
ASSETS		
Cash and cash equivalents	\$ 159,075	\$ 168,366
Due from National Credit Union Share Insurance Fund	-	19
Other accounts receivable, net	536	209
Prepaid expenses and other assets	8,244	7,744
Operating lease right-of-use assets ⁴	103	512
Fixed assets ¹	34,821	33,317
Intangible assets ²	23,802	28,446
TOTAL ASSETS	\$ 226,581	\$ 238,613
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 23,426	\$ 25,243
Finance lease liabilities	157	19
Operating lease liabilities ⁴	109	537
Accrued wages and benefits	14,118	11,654
Accrued FECA and unemployment benefits	330	274
Accrued actuarial FECA benefits	3,283	3,999
Deferred revenue ³	38,242	36,527
Accrued annual leave	24,996	23,770
TOTAL LIABILITIES	104,661	102,023
FUND BALANCE	121,920	136,590
TOTAL LIABILITIES AND FUND BALANCE	\$ 226,581	\$ 238,613

¹ Net of accumulated depreciation of \$42,989 and \$39,415 as of August 31, 2023 and 2022, respectively.

² Net of accumulated amortization of \$33,931 and \$28,532 as of August 31, 2023 and 2022, respectively.

³ The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

⁴ The implementation of ASC 842, as of January 1, 2022, resulted in a balance sheet recognition of right-of-use assets in the amount of \$715 thousand and operating lease liabilities of \$744 thousand. The finance lease right-of-use asset is included within the Fixed assets line item in the amount of \$20 thousand.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the periods ended August 31, 2023 and 2022
(Dollars in thousands)

	August 2023	Year-to-Date August 2023	Year-to-Date August 2022
REVENUES			
Operating fees	\$ 9,561	\$ 76,485	\$ 73,055
Interest	702	4,563	861
Other	34	261	280
Total Revenues	<u>10,297</u>	<u>81,309</u>	<u>74,196</u>
EXPENSES, NET ¹			
Employee wages and benefits	8,796	68,332	61,010
Travel	557	4,128	892
Rent, communications, and utilities	167	1,394	1,019
Contracted services	1,405	14,926	14,753
Depreciation and amortization	319	2,414	2,460
Administrative	213	1,334	1,041
Total Expenses, Net	<u>11,457</u>	<u>92,528</u>	<u>81,175</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(1,160)	(11,219)	(6,979)
FUND BALANCE—Beginning of period	<u>123,080</u>	<u>133,139</u>	<u>143,569</u>
FUND BALANCE—End of period	<u><u>\$ 121,920</u></u>	<u><u>\$ 121,920</u></u>	<u><u>\$ 136,590</u></u>

¹ Operating Fund expenses are the total NCUA operating expenses reduced by the Share Insurance Fund allocation as determined by the overhead transfer rate.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**STATEMENTS OF CASH FLOWS
For the periods ended August 31, 2023 and 2022
(Dollars in thousands)**

	August 2023	Year-to-Date August 2023	Year-to-Date August 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over (under) expenses	\$ (1,160)	\$ (11,219)	\$ (6,979)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	842	6,375	6,488
Noncash operating lease expense ¹	-	205	203
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	-	19	4,898
Employee advances	1	-	5
Other accounts receivable, net	(371)	(183)	90
Prepaid expenses and other assets	(414)	(3,574)	(3,854)
(Decrease) increase in liabilities			
Accounts payable	172	2,825	7,975
Operating lease liabilities ¹	-	(216)	(208)
Accrued wages and benefits	3,037	2,472	(690)
Accrued FECA and unemployment benefits	-	146	98
Deferred revenue	(9,561)	38,242	36,527
Accrued annual leave	-	1,884	1,621
Accrued employee travel	-	(250)	(93)
Net Cash Provided by/(Used in) Operating Activities	(7,454)	36,726	46,081
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(746)	(4,642)	(7,323)
Net Cash Provided by/(Used in) Investing Activities	(746)	(4,642)	(7,323)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments under finance lease liabilities	-	(20)	(7)
Net Cash Provided by/(Used in) Financing Activities	-	(20)	(7)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,200)	32,064	38,751
CASH AND CASH EQUIVALENTS—Beginning of period	167,275	127,011	129,615
CASH AND CASH EQUIVALENTS—End of period	\$ 159,075	\$ 159,075	\$ 168,366
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ -	\$ -	\$ 715
Retirement of fully depreciated assets	\$ -	\$ 302	\$ 8,475
Acquisition of equipment under finance lease	\$ -	\$ (18)	\$ -

¹ The implementation of ASC 842, as of January 1, 2022, resulted in quarterly amortization adjustments reflected in the statement of cash flows for operating lease right-of-use assets and related liabilities.

The balances in the statement above are preliminary and unaudited.